

Division of Healthcare Finance

Projected Reserve Calculation - Current Plan C Design with 50% Employer HSA Contribution in January All Years and no increase for 2 years

Medical, Pharmacy, Dental and Vision

Date of Projection: 3/29/2012

Plan Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Factors and Assumptions	Actual Factors	Actual Factors	Projected Factors and Assumptions.....										
Interest Rate on Reserves	0.9%	0.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	3.2%	-4.9%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	2.8%	1.9%	5.0%	5.0%	6.0%	7.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Policy Choices	HCC Policy Choices in May 2009	HCC Policy Choices in May 2010	HCC Policy Choices in May 2011	HCC Policy Choices by May 2012	Future Policy Choices.....								
Employer Contr. % incr. (eff. July 1)	12.5%	15.0%	7.5%	0.0%	0.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Employee Contr. % incr. (eff. Jan 1)	7.5%	8.0%	44.0%	0.0%	0.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Dependent Contr. % incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	0.0%	0.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Direct Bill Contr. % incr. (eff Jan 1)	12.4%	14.7%	8.2%	0.0%	0.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Reserves													
Beginning reserve earning interest	11,880,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	151,272,513	141,767,228	132,973,488	124,680,192	116,627,390	108,499,297	99,916,462
Beginning reserve not earning interest	78,295,832	74,866,652	102,929,048	143,163,799	159,232,880	152,849,071	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,331,378	171,552,554	165,322,741	151,272,513	141,767,228	132,973,488	124,680,192	116,627,390	108,499,297	99,916,462
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	382,574,790	413,755,891	447,478,353	483,949,307	523,392,763	566,050,991	612,186,004	662,081,172
Total Participant Contributions	127,392,488	129,927,400	131,238,853	97,601,621	99,385,761	106,932,494	115,375,543	124,671,043	134,738,957	145,644,234	157,457,314	170,254,591	184,118,923
Total Contributions	421,292,659	454,670,777	486,010,485	465,196,324	466,980,464	489,507,284	529,131,434	572,149,396	618,688,264	669,036,997	723,508,305	782,440,595	846,200,095
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	426,608,381	446,788,235	450,274,743	473,364,273	503,713,432	540,527,625	582,715,226	628,643,729	678,648,302	733,094,240	792,379,671	856,938,512
Interest on Reserves	111,916	25,373	150,217	152,095	153,996	155,921	1,890,906	1,772,090	1,662,169	1,558,502	1,457,842	1,356,241	1,248,956
Net Cash flow	(3,317,264)	28,087,769	40,384,967	16,221,176	(6,229,813)	(14,050,227)	(9,505,285)	(8,793,740)	(8,293,296)	(8,052,802)	(8,128,093)	(8,582,835)	(9,489,462)
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,331,378	171,552,554	165,322,740	151,272,513	141,767,228	132,973,488	124,680,192	116,627,390	108,499,297	99,916,462	90,427,000
Target Reserve	48,651,000	51,193,006	50,273,000	44,729,000	47,317,000	50,724,000	54,859,000	59,599,000	64,761,000	70,381,000	76,501,000	83,167,000	90,427,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,058,378	126,823,554	118,005,740	100,548,513	86,908,228	73,374,488	59,919,192	46,246,390	31,998,297	16,749,462	(0)
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	38.1%	34.9%	30.0%	26.2%	22.8%	19.8%	17.2%	14.8%	12.6%	10.6%

Total Contributions for 2011 include \$2,870,534 from the ERRP, 2012 includes \$1,012,500 and 2013 includes \$1,147,500 from SB572

Total Contributions for 2011 includes \$187,606 for settlement of pharmaceutical class action lawsuit